

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)

Implementation of the)

Pay Telephone Reclassification)

and Compensation Provisions of the)

Telecommunications Act of 1996)

CC Docket No. 96-128

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COMMENTS

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SUMMARY

These Comments of Puerto Rico Telephone Company address Section III.F. of the NPRM, "Establishment of Public Interest Payphones."

The establishment of a mechanism for maintaining and funding public interest payphones is a necessity in Puerto Rico where more than half of all families were living below the poverty level in 1989 and where telephone service penetration is only 72%. Many families cannot afford the monthly expense of local residential telephone service and rely by necessity on payphones as a substitute. Thus, maintaining and funding public interest payphones in low-income areas is crucial to the public health, safety and welfare.

Allowing the states to determine which payphones are necessary to protect the public interest would allow that determination to reflect the unique characteristics of payphone use in each state. Alternatively, if the Commission concludes that it should establish a nationwide definition of public interest payphones, the definition of the term must include "a payphone that is used as a substitute for local service."

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COMMENTS

Puerto Rico Telephone Company ("PRTC"), by its attorneys and pursuant to Section 1.415 of the Commission's Rules, 47 C.F.R. § 1.415, submits these Comments in response to the captioned Notice of Proposed Rulemaking ("NPRM") adopted and released on June 6, 1996.

I. THE ESTABLISHMENT OF PUBLIC INTEREST PAYPHONES IS NECESSARY TO PROTECT THE PUBLIC HEALTH, SAFETY AND WELFARE

The Telecommunications Act of 1996 adds Section 276(b)(2) to the Communications Act of 1934 requiring the Commission to "determine whether public interest payphones, which are provided in the interest of public health, safety and welfare, in locations where there would otherwise not be a payphone, should be maintained, and if so, ensure that such public interest payphones are supported fairly and equitably."

The Commission first seeks comment on whether there should be public interest payphones, and also asks how the term "public interest payphone" should be defined. NPRM ¶¶ 77, 80.

The establishment of a mechanism for maintaining and funding public interest payphones is a necessity in Puerto Rico. According to the 1990 census, 55.3% of families in Puerto Rico were living below the poverty level in 1989, compared with 10% of

all families nationwide. Therefore, there are many families in Puerto Rico that cannot afford the monthly expense of residential telephone service. Telephone service penetration in Puerto Rico is 72% compared with the U.S. average of 94%.

PRTC has kept its local payphone coin rate at ten cents per call, regardless of the length of the call, and those who cannot afford residential telephone service rely on payphones as a substitute. The Commission recognized in the context of setting local coin rates that "payphones are used by some residents as a substitute for local telephone service" NPRM ¶ 22. This is true in Puerto Rico to a degree that may exceed that of any other area in the country. Those who by necessity use payphones as a substitute for residential telephone service rely on those payphones as their means of access to emergency services, as well as their means of communication with family members, employers, businesses and others.

Due to the ten cent local coin rate, many payphones in Puerto Rico may not recover their full costs, including those that are located in low-income areas and are used as a substitute for residential service.¹ With the implementation of Section 276, the continued provision of these services may be impossible.

1. The Commission requested incumbent LECs to identify in their comments those accounts that contain costs attributable to their payphone operations. PRTC has identified those accounts in Attachment A hereto.

Thus, the establishment of a mechanism to maintain and fund public interest payphones in low-income areas is crucial to the public health, safety and welfare.

II. THE DEFINITION OF "PUBLIC INTEREST PAYPHONE" SHOULD INCLUDE THOSE PAYPHONES USED AS A SUBSTITUTE FOR LOCAL RESIDENTIAL TELEPHONE SERVICE

One option recognized by the Commission for determining which payphones will be considered public interest payphones is to allow the states to determine, pursuant to their own statutes and regulations, which payphones should fall into that category. NPRM ¶ 81. Puerto Rico's unique population and telephone subscribership characteristics illustrate why it would be wise to "treat the provision of public interest payphones as primarily a matter of state concern." Id. Allowing the states to determine which payphones are necessary to protect the public interest would allow that determination to reflect the unique characteristics of payphone use in each state.

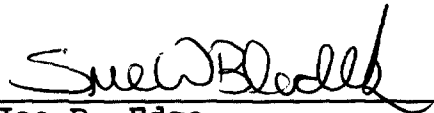
In the alternative, if the Commission concludes that it should establish a nationwide definition of public interest payphones, the definition of the term must include "a payphone that is used as a substitute for local telephone service." In Puerto Rico there are a number of such payphones that are crucial to the public health, safety and welfare, but that PRTC may no longer be able to maintain once subsidies are eliminated.

The Commission could defer to the states to identify which payphones are used as a substitute for local service. Or the Commission could define such payphones as those located within an area, such as a census block, with average household income below a certain level or with telephone subscribership penetration below a certain level. Such a definition would allow the maintenance and funding of most payphones that are necessary to protect the public health, safety and welfare.

CONCLUSION

The establishment of a mechanism for the maintenance and funding of public interest payphones is necessary to protect the public health, safety and welfare. Included in the definition of public interest payphones should be those payphones that are used as a substitute for local residential telephone service.

Respectfully submitted,



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ATTACHMENT A

PRTC has identified the following accounts as containing costs attributable to its payphone operations:

- 2001 Telecommunications Plant in Service
- 2351 Public Telephone Terminal Equipment
- 3100 Accumulated Depreciation
- 6310 Information Origination/Termination Expenses
- 6351 Public Telephone Terminal Equipment Expense
- 6560 Depreciation and Amortization Expense
- 6561 Depreciation Expense - Telecommunications Plant in Service